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DEPARTMENT OF THE NAVY
OFFICE OF THE FISCAL DIRECTOR
Washington 25, D. C.

SECRET

EXOS(FD)JLB:hep

30 September 1946

NAVY DECLASSIFICATION/RELEASE INSTRUCTIONS ON FILE

MEMORANDUM OF UNDERSTANDING

Subj: Fiscal Procedures incident to the Plan for Logistic Support
of External Survey Group No. 44 by the Seventh Fleet

1. Pursuant to agreement with the Central Intelligence Group, the Navy by CNO letter Serial No. 006521 P23 of 25 September 1946 to CINCPAC, and enclosure therewith, confirmed the approved Plan of Limited Control and Full Logistic Support of External Survey Group No. 44 by the Seventh Fleet.

2. On 26 September 1946 a meeting was held at 10:00 A.M. in Room 1305 Main Navy Building between representatives of CIG and the Navy Department for the purpose of establishing fiscal procedures incident to the Plan. Present at the meeting were the following:

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CIG

Comdr. W. H. Packard, CNO

Mr. A. J. Kearney, BuSanda

Mr. J. L. Brewer, Jr., OFD, Navy

3. Following detailed discussion of the matter—during which the CIG representatives indicated a definite preference for handling all financial aspects of the Plan directly involving the Navy on a reimbursable rather than an advance deposit basis—agreement was reached as follows:

- a. The Plan and accounting and fiscal records incident thereto shall be classified and handled as Secret, both in Washington and in the field.
- b. Receipted invoices and/or other substantiating data covering services, supplies and material furnished ESG No. 44 pursuant to the Plan shall be accumulated by the Bureau of Supplies and Accounts (Property Accounting Division), and monthly billings rendered to CIG under Standard Form

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1080—Voucher for Transfers Between Appropriations and/or Funds. Such billings would include amounts expended by the Navy for employment of civilian mechanics as contemplated by Section 4(e) of the plan.

- c. In accordance with special arrangements made by CIG with the General Accounting Office, the Standard Forms 1080 shall not indicate the specific nature of the items billed, but shall reference the supporting documents. The original Forms 1080 and supporting documents will be retained by CIG instead of following the normal channels. Form 1080(B) copies shall not be returned by CIG to Navy; and, in recording checks received from CIG in payment of the billings, the Navy shall indicate by footnotes on the Schedules of Collections that the Form 1080(B) copies were retained by CIG.

/s/ W. J. McNeil